

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, APRIL 13, 1995

Chairman Tull called the meeting to order at 1:35 p.m. at the Yakima Valley Red Lion Inn, Yakima, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; PATRICK GRAHAM, and ARDITH DIVINE.**

OTHERS PRESENT: **BEN BISHOP, Deputy Director; SHARON TOLTON, Assistant Director, Special Operations; SHERRI WINSLOW, Assistant Director, Field Operations; CALLY CASS-HEALY, Assistant Director, Licensing; CARRIE SUTHERLAND, Special Assistant, Public Affairs; JONATHAN McCOY, Assistant Attorney General; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said Director Miller is absent today but will attend tomorrow's meeting.

STAFF REPORTS

Mr. Bishop requested the executive session be held tomorrow when Director Miller can be present. **Mr. McCoy** requested an executive session with the commissioners following today's meeting; **Chairman Tull** said that executive sessions will be held on both days.

LEGISLATIVE UPDATE

Ms. Sutherland said the only bills still going forward are Senate Bill 6259 regarding raffle tickets which is the bill that raised the price of raffle tickets from \$5 to \$25; that has passed. Senate Joint Memorial 8004, which is the recommendation to the National Indian Gaming Commission to deny grandfather status to the Puyallup Tribe's gambling operation has also passed. Those are the only two gambling-related bills that are current. There was a hearing yesterday morning to consider our two commissioners and the confirmation of Wanda Mosbarger and Ed Heavey. The hearing was held but votes have not been taken at this time.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Chairman Tull said the license approvals would be taken in two sections as set forth in the agenda. First is the new licenses, changes, withdrawals and tribal certifications of employees of Class III facilities. The Commission has been supplied with a list dated April 1995.

Commissioner Divine moved for approval of the list as printed; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

PRE-LICENSING/CERTIFICATION SUMMARY

Harrah's Washington Corporation Management Company

Ms. Cass-Healy said the Upper Skagit Tribe has requested certification of Harrah's Washington corporation which is a wholly owned subsidiary of The Promus Companies, Inc. They are looking at managing a casino on tribal property at Sedro Woolley. The Promus Companies, Inc., is located in Memphis, TN. The officers of Harrah's Washington include Philip Satre, Colin Reed, Thomas Carr, Jr., and J. Carlos Tolosa. Harrah's Washington is at the bottom of three wholly owned subsidiaries of the Promus Companies. The Promus Companies are publicly traded on the New York Stock Exchange and there are no individuals who own over five percent of that stock at this time. Promus Companies has several other gambling locations, one Class III contract in Phoenix, Arizona; several river-boat gaming locations and several land based locations in Nevada, Colorado and New Jersey. After a thorough investigation, staff is recommending certification of Promus Companies Inc., doing business as Harrah's of Washington. She said that representatives from the Upper Skagit Tribe, Doreen Maloney and Harry Chesnin, are present for questions; and Don Bush, George Loveland, and Bill Bethel from Harrah's are also present.

Chairman Tull said the Commission has been fully briefed and each commissioner has been supplied with a packet of information. He asked Doreen Maloney of the Upper Skagit Tribe for the estimated opening date.

Ms. Maloney said they are hoping to break ground in May and open possibly in late November or early December. They still need to complete the federal process as well. **Chairman Tull** asked if the Tribe has contracted with Harrah's or if that relationship is still being negotiated.

Ms. Maloney said the tribe has finished the negotiations with Harrah's. They believe the management contract under review by the National Indian Gaming Commission, will be approved by the end of April. **Chairman Tull** asked Ms. Cass-Healy a staff-related question privately. **Commissioner Graham** moved for certification; **Commissioner Divine** seconded the motion. **Chairman Tull** said he is pleased to see the process is working well and he hopes the relationship continues to be successful. **Mr. Bishop** pointed out that certification is specifically for Promus Corporation, d/b/a Harrah's of Washington. **Commissioner Graham** so amended his motion; vote taken, motion carried with three aye votes.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said there are three items up for final action tomorrow; one is the licensing of gambling managers that has been discussed for a number of months. This set of rules were held over last month to make language clarifications on some of the rules. Another package up for final action are some housekeeping changes that are minor and one rule put forth by the Recreational Gaming Association which has been adopted as an emergency rule. For discussion only, there are four items; a package of housekeeping rules, a petition by the

Treasurer's Association, the licensing of manufacturers/sales permits. There is an addendum and Item 8A and 8B are replaced and a available on the back table and will be again tomorrow. The addendum clarifies the language. There is also the Phase II Implementation rule which was adopted as an emergency.

Chairman Tull asked if Mr. McCoy's advice regarding the treasurer's petition is contained in the handout packet; **Mr. McCoy** said no, it was not written advice. He will address the issue tomorrow.

PHASE II REVIEW

Swinomish Casino

Chairman Tull said the Phase II Review has to do with the process incorporated in a number of recent amendments and new compacts negotiated by the Gambling Commission with a number of tribes in the state.

Ms. Tolton introduced herself and said she is the Assistant Director for Special Operations, which includes the Tribal Gaming Unit. The mission of the Tribal Gaming Unit to implement tribal-state compacts for Class III gambling with individual tribes and continuously monitor such activities and operations to verify compact compliance. The principle focus of this unit is the protection of the public consistent with the state's public policy in a cooperative atmosphere with tribal gaming agencies, other law enforcement agencies, and other divisions within the Gambling Commission. She said staff recommends approval of the request by the Swinomish Tribe for moving to Phase II of the tribal-state compact. She introduced Chairman Robert Joe, Sr., Lorraine Loomis is the Chair of the Tribal Gaming Commission, and Nick Balam is the Chief of Police for the Swinomish Tribe and is also Chief of Staff for the Tribal Gaming Agency. Chief Balam is also very active with Washington Association of Sheriffs and Police Chiefs and serves as the first tribal police chief on the board of directors of that organization.

The Swinomish Tribe is located near La Conner in Skagit County. Current estimates of tribal members are 650. The Class III facility employees approximately 300 people and 35 or 40 percent of those are tribal members or members of their families. The Swinomish Class III facility opened its doors on July 15, 1994, and on January 26, 1995 an amendment was signed by the tribe and the state which among other things, provided for changes in the scope of the facility and was designed to be implemented in two phases with some contingencies attached to move from Phase I to Phase II. Phase I scope was immediately in effect by the signing of the amendment with allowed the tribe to operate 31 tables plus one nonprofit, 112 hours of operation per week averaged annually, and wagering limits of \$250 maximum. In the meantime, the tribal gaming unit staff within Special Operations created a program which the Commissioners reviewed at the March (1995) meeting. This was to be consistently applied to tribes which had been in operation at Phase I level for a period of six months and wished to increase the scope of the facilities to Phase II. Phase II included 50 maximum tables, plus an opportunity for two nonprofit tables, 140 maximum hours during the week which could be annualized, and wagering limits increased to a maximum of \$500. The primary Gambling Commission staff involved in this complex program are Mike Tindall is the Tribal Gaming Program Unit Manager. With him are special agents Julie Lies and Jim Goble.

Ms. Tolton said that the program the Commission entered into with Swinomish was facilitated by successful completion of a six month review in December in which the staff did a very thorough review of the operation for compliance with the compact and then conducted an exit conference in January of 1995 where findings were discussed with the Tribe. The program for the Phase II implementation focused in two main areas; the first being the general compact compliance and the second being an operations review which covered four main areas the results of which are as follows: (1) There have been no sanctions imposed on the Swinomish Tribe by the federal district court or the National Indian Gaming Commission, (2) There have been no substantial or repeated violations of the compact or appendix A, and items discovered during the six month review were promptly corrected and were minor in nature. (3) There have been no reported adverse impacts on surrounding communities. Correspondence was directed to both Sheriff Ed Goodman in Skagit County and Chief Larry Yonally of the City of La Conner. The Commission received no negative comments in writing and the comments verbally were positive. The final area (4) is the critical one; the effectiveness of the tribe as the primary regulator received a great deal of scrutiny by the Commission staff. The six member Swinomish tribal gaming commission was appointed by the Swinomish Tribal senate. Of the six tribal gaming commissioners, three are members of the tribal senate, one is the director of public safety, and one is the tribal general manager. The chief of staff of the commission, Mr. Balam, is the head of the tribal gaming agency as well as the head of surveillance and security departments. The tribal gaming agency has six agents who work in the facility and one licensing agent. None of the gaming agents work for the tribal government in any other capacity nor have family members working for the casino operations.

This tribal gaming agency works independently since casino opening, it has established rule, regulations, in addition to a reporting system for reporting compact violations. During the first quarter of activity, the tribe prorated what the first annual two percent would be; \$107,500. Recipients of these funds included the sheriff, fire district, department of transportation to improve safety on the highway, La Conner Police Department and Anacortes emergency services. During the review, there was complete cooperation from all. The two recommendations from staff were to increase the tribal gaming agency staff by two and encouraged some financial and accounting background within the tribal gaming agency. Staff recommends approval of the Swinomish Tribe to implement Phase II scope of the tribal-state compact in accordance with WAC 230-48-010.

Chairman Tull said that in light of this process being so implemented recently, it seems to be going well. **Commissioner Graham** said that the Commission has come under scrutiny for increasing limits; he asked Ms. Loomis what the most important aspect of the Phase II expansion is the most valuable to the Tribe. **Ms. Loomis** said the number of tables is most important. The Tribe is planning on increasing to 36 tables to begin with and then expanding to 50, followed by the limit. **Chairman Tull** asked if Mr. Balam was also responsible for the operational part of the casino on an ultimate chain of command. **Ms. Loomis** said no, there is a completely separate business committee. The business committee is made up of three senators, and the comptroller. **Chairman Tull** said he was misled by the fact when questions come up in trying to make faster progress on the implementation of the amendments. He asked if there has been any response by local law enforcement. **Ms. Tolton** said there has been no formal response and nothing negative verbally. **Chairman Tull** said he had a very interesting and thorough tour of the security aspects of the operation, and the Tribe has made substantial

investment in the system. The improvement in the potential cash flow from the increase limits and tables ought to help support the facilities and equipment. He is particularly glad that the Commission has been as insistent that regulation be taken seriously. There is concern about the unregulated facilities and a great source of concern about the initiative. This is a crucial step and requires more than a rubber stamp approval. It has to be serious, and he has pushed for this process to be more than just a discussion over a cup of coffee. He said Director Miller's memo in the Commissioner's packets gives his approval; he asked what the effective date would be. **Ms. Tolton** said it would become effective immediately, but the Tribe has also assured staff that they would notify staff **Chief Balam** said it won't be for a period of time as they want to make sure the surveillance cameras are ready and where they need to be. **Ms. Tolton** said there are issues to go back and revisit. **Ms. Loomis** said they do want to utilize four more tables immediately though.

Commissioner Graham moved for approval of the implementation of Phase II of the compact between the Swinomish Tribe and the state of Washington, **Commissioner Divine** seconded the motion. **Chairman Tull** said if they have comments regarding this process or the relationship between the Tribe and the state, they can contact commissioners directly. Vote taken, motion carried with three aye votes.

QUALIFICATION REVIEWS

SNO-KING AMATEUR HOCKEY ASSOCIATION, Kirkland

Ms. Cass-Healy said this is an athletic organization with a Class "L" bingo license, and has licenses in punchboards/pull tabs (Class "N"), amusement games, and raffles. Their statement of purpose is "to encourage and promote the growth of amateur hockey by teaching physical skills, fair play, discipline, respect for authority, and competitiveness. They served 822 members last year with services provided by 15 employee and 302 volunteers. They contributed almost \$13,000 back to the community. They do have five employees who earn more than \$30,000 during the year. Staff recommends qualification as an athletic organization for the purposes of gambling in the state of Washington.

Chairman Tull asked when the last formal review was presented by this group. **Ms. Cass-Healy** said that was last year. **Chairman Tull** said these reviews would all be voted on together.

AMERICAN RED CROSS/INLAND NORTHWEST CHAPTER, Spokane

Ms. Cass-Healy said this is a charitable organization with a Class "I" bingo license, a Class "H" punchboard/pull tab license, and a raffle license. Their statement of purpose is "to improve the quality of human life, the enhance self-reliance and concerns for others and to help people avoid, prepare for and cope with emergencies." They have four programs which include disaster services, military social services, health services and safety programs. They served 96,000 clients with 22 employees and 990 volunteers. The chapter also participated in 145 disaster operations during the last year. Staff recommends qualification as a charitable organization for the purposes of gambling in the state of Washington.

Chairman Tull said that Commissioner Divine once served on the board of this organization; **Commissioner Divine** said this is a great organization. **Commissioner Graham** asked for the reason the revenue has dropped. **Ms. Cass-Healy** said that is being looked into right now and a she will get the information to him. Prize payout is the major reason. **Commissioner Graham** said he thought this group was in a great location for business. **Mr. Bishop** said there are several games in Spokane and part of the reason for the drop is because of the success of Spokane Valley's game. It is a type market in that area. **Chairman Tull** asked for any observation. **Dwight Merkle**, said he thinks it might have to do with the general climate regarding games in the Spokane area. The Red Cross had a huge construction project going on in front of their bingo hall and that must have had an impact on the game.

ROTARY CLUB OF COLUMBIA CENTER, Kennewick

Ms. Cass-Healy said this is a civic organization with a Class "H" bingo license, and a Class "K" punchboard/pull tab license. The object of Rotary is the encourage and foster the ideal of service as a basis of worthy enterprise and in particular to encourage and foster clubs service, community service, vocational service, and international service. The organization accomplishes its purpose through working with students in pursuit of vocational education by helping them with leadership training and providing the students with scholarship to further education. During the year they served 500 clients, with 70 volunteers with contributions of around \$80,000. During the year, the organization contributed \$80,000 to the affiliate charity which in turn distributed about \$60,000 in charitable contributions and provided \$4,000 in scholarships. The remaining was spent on program services in house. Staff recommend qualification as a civic organization for the purposes of gambling in the state of Washington.

Chairman Tull noted that this group has not been part of the process in the past. **Ms. Cass-Healy** said it is a new organization. **Mr. Bishop** asked about the organization's administrative expense percentage; it is quite high for a pass-through organization. **Ms. Cass-Healy** said as far as the set limits, it's not but as far as the comparison, there should have been some analytical comparisons done. **Chairman Tull** asked about the percentage in administrative costs. **Mr. Bishop** said that was his question as well. **Chairman Tull** asked if there was any chance of the bingo management cost is showing up as administrative costs. **Ms. Cass-Healy** said that is possible, and she will find out. Staff recommends qualification as a civic organization for the purposes of gambling in the state of Washington.

FERNDALE BAND BOOSTERS, Ferndale

Ms. Cass-Healy said this is an educational organization with a Class "H" bingo license, a Class "J" punchboard/pull tab license and a Class "E" raffle license. The statement of purpose is to foster in and provide financial support to the Ferndale High School band. This funding is primarily for travel, staffing, uniforms, and instrument expenses for the band. Other charitable and civic services are provided indirectly through cash contributions and donating meeting space to various charitable nonprofit organizations. They served 200 band members with 18 employees and gave away about \$11,000 in contributions. The Ferndale color guard placed fifth at national competition in Dayton, Ohio last year. Staff recommends qualification as an educational organization for the purposes of conducting gambling in the state

of Washington.

Chairman Tull added that the band marched in the Rose Bowl Parade this year and that was a big event. **Ms. Cass-Healy** said they have experienced a reduction in retail sales; **Chairman Tull** said that is due to the low value of the Canadian dollar, businesses in that area are suffering.

Commissioner Divine moved for qualification of the above groups; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

GENERAL DISCUSSION

Chairman Tull said that Commissioner Heavey had some court conflicts and could not attend the meeting. He said Commissioner Mosbarger will hopefully be continuing her progress and is able to attend a meeting soon.

Chairman Tull called for Executive Session and adjourned the public meeting.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, APRIL 14, 1995

Chairman Tull called the meeting to order at 10:00 a.m. at the Yakima Valley Red Lion Inn, Yakima, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; PATRICK GRAHAM, and
ARDITH DIVINE.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy
Director; SHERRI WINSLOW, Assistant Director, Field
Operations; CALLY CASS-HEALY, Assistant Director,
Licensing; SHARON TOLTON, Assistant Director,
Special Operations; JONATHAN McCOY, Assistant
Attorney General; and CARRIE SUTHERLAND, Special
Assistant, Public Affairs.**

Chairman Tull said there will be an executive session at the close of the public portion of today's meeting. The executive session will be to discuss pending litigation with Director Miller and Mr. McCoy.

APPROVAL OF THE MINUTES FROM THE MARCH 9-10, 1995, MEETINGS

Commissioner Graham moved for acceptance of the minutes from the March 9-10, 1995, Commission meeting in Tacoma, Washington, as set forth and printed in the agenda packet; **Chairman Tull** seconded the motion; motion carried with three aye votes.

ADOPT OR AMEND RULES

LICENSING OF GAMBLING MANAGERS

Amendatory Section WAC 230-02-240, Commercial gambling manager defined.
Amendatory Section WAC 230-02-418, ((Bingo)) Charitable or nonprofit gambling
manager defined.

Amendatory Section WAC 230-04-145 -- Licensing of charitable or nonprofit gambling
managers ((of bingo games)) -- Application procedures.

Amendatory Section WAC 230-04-147 -- Notification to the commission upon beginning,
terminating, or changing responsibilities ((as bingo game)) of charitable or nonprofit
gambling managers.

New Section WAC 230-12-079 -- Duties and responsibilities of charitable or nonprofit
gambling manager.

Amendatory Section WAC 230-30-070 -- Regulation of manager, operators, and other employees -- Charitable or nonprofit organizations.

Ms. Sutherland said Items 3A - F are rules staff has discussed with the charitable/nonprofit organization study group and provide for the licensing in charitable and nonprofit organization, executive directors, those people with the highest level of authority over the gambling activity, the funds earned from the gambling activity or those who supervise the gambling activities. WAC 230-04-145 has had some changes in the language as a result of comments by the Commissioners to clarify the rule. There were some questions by a licensee last month regarding smaller nonprofit organizations that conduct fund raising events and raffles and whether they were required to have approval for their gambling managers. This language clarifies that question. Staff recommends final adoption with the effective date of July 1, 1995.

Chairman Tull asked if there were any comments. **Commissioner Divine** made the motion to approve the rule changes; **Commissioner Graham** seconded the motion. Motion carried with three aye votes.

Amendatory Section WAC 230-20-130 -- Operation of bingo upon retail business -- Conditions

Amendatory Section WAC 230-20-620 -- Amusement games -- Objects to be thrown to be uniform -- similar games not to use difference object unless designated

Ms. Sutherland said these two are housekeeping changes. **Commissioner Divine** motioned to approve the rule changes for adoption; **Commission Graham** seconded the motion; motion carried with three aye votes.

CARD ROOM PETITION

Amendatory Section -- WAC 230-40-400 - Hours limited for card games

Ms. Sutherland said Item 5 is a petition filed as an emergency rule in February. It was brought forward by the Recreational Gaming Association and it allows card rooms to request a change in their closure period from 2:00 to 6:00 a.m. to 4:00 to 8:00. Initially, it was filed requiring Director approval and law enforcement consent. There have been some changes to the rule since last month which also requires state agencies who would have an involvement in the business to concur. This rule is up for final adoption. **Ms. Sutherland** explained the statistical report in the front of the handout packet; there are a total of 117 licensed card rooms and notifications were made to 57 law enforcement agencies. Twelve responses were received; eight that requested denial of all card room changes in closure period, two that denied certain card rooms, and two that provided affirmative response. The Commission has received 49 requests from card rooms and have provided 42 approvals and seven denials.

Chairman Tull asked if the denials had been linked to the negative responses from local law enforcement. **Ms. Sutherland** said yes.

Rick Davis, 21 Club and Charlie Macks, said that his clubs had received approval and business at the 21 Club went up 40 percent. The customers obviously like the hours and increase in revenue. He noticed that some of the local law enforcement objections were the

extra manpower requirement; he felt the increase in taxes could cover increases in manpower. He has some concerns about the new language and getting permission from other state agencies. He feels too many people are getting involved.

Steven Downen, Riverside Inn in Tukwila, said the new system is working well for them; they are up about 18 percent. His customers like it and his restaurant is up about double.

Don Smith, Riverside Inn in Tukwila, said on this question of police enforcement between the hours of 2:00 a.m. and 4:00 a.m., he learned from the police department that the hours are a very good aid to them in the fact that it keeps people off the street for that two hours and allows the police to concentrate on drunk drivers. Food revenue is up 18 percent. Another positive point is they have a number of shift workers that were excluded from social gambling. He feels the new hours are working very well for Tukwila.

George Teeney, owner of New Phoenix and Last Frontier in La Center, read a letter from Ron Porter to the Commission. "Dear Chairman Tull. On behalf of the social card room industry, I would like to thank you for the leadership and approving our petition for the emergency authorization to extend our hours to 4:00 a.m. The Indian Gaming Regulatory Act and the state compacts have given the tribes significant competitive advantages over our industry. With an unlimited number of tables, higher wagering limits, jackpot poker, and the right to advertise on TV, radio, and in newspapers, are just some of the perennial treatment they can enjoy. To further allow the Indians to expand their hours to 4:00 a.m. while requiring us to close at 2:00 a.m. would have a serious impact on our ability to compete and survive. The customer demand we are currently experiencing for our services from 2:00 to 4:00 a.m. is proof of the importance of the Commission's action. While we are concerned that a number of the smaller jurisdictions have not yet approved the Commission's action, we strongly believe that this does not justify denying the vast majority of operators the opportunity to try to compete with the Indians on a more equal basis. In light of the on-going expansion of Indian gaming, the Commission's final approval of our petition is an important step in addressing the needs of our industry. Sincerely, Ron Porter." **Mr. Teeney** said there was concern about different law enforcement agencies denying the extended hours. Overall, the card rooms he has talked to have had positive comments on the 4:00 a.m. closing. He has experienced 10 to 12 percent increase in business.

Mark Mitchell, Drift On Inn and Blackjack Cafe, said the Blackjack Cafe had four or five blackjack games before the casino opened in Marysville which reduced to no blackjack games and half time and quarter poker. Since the 4:00 a.m. rule came in, they are keeping the customers that used to leave and go to the casino. He urged the adoption of this rule.

Dave Pardee, Skyway Park Bowl, said about six weeks ago they were down about 20 percent; now they are down about ten percent. He is running one round table blackjack and one low limit poker game almost every night until 4:00 a.m. He has had the card room for 11 years and has had to call King County Police two times.

Fred Steiner, Diamond Lil's Restaurant in Renton, said the hour changes have worked well for him.

Lou Dales, Tower Inn and Lanes in Tacoma. He was granted permission for extended hours of his five table card room and it is working very well for him. He found when they extended the

hours, they went to two tables of 25 cent poker instead of one. He is grateful for the increase in revenue. This is the first bright spot he has had in his business in several years.

Wally Ing, Cliff's Tavern and Card Room in Seattle, said his customers gave him a letter to read; "We, the customers of Cliff's Card Room, wish to thank you for allowing the card room to stay open until 4:00 a.m. These additional hours have helped those of us with unusual work hours to play cards at a convenient time. More importantly, it allows the card players to leave the card room more than two hours after the establishment has stopped serving alcohol which provides a safer trip home for all. We strongly support allowing Cliff's to stay open until 4:00 a.m."

Director Miller said the staff of the Commission supports the proposal. He met with the Recreational Gaming Association members some time ago on this issue. The reason for doing this was to compete with the tribal casinos and the Tribes must also receive endorsement from local law enforcement to stay open until 4:00 a.m. He read parts of RCW 9.46.070(13), "Powers of the Commission." "To cooperate with and secure the cooperation with county, city, and other local or state agencies in investigating in any manner or scope." He said the Commission is preserving and enhancing the relationship the Commission has. He said if this rule is to go forward, from a staff standpoint it is paramount that local law have the authority to say no within their jurisdiction. The staff supports the rule as written; it reenforces the relations between local law enforcement and the Commission and if the requirement is taken out, staff will withdraw the support of the rule.

Chairman Tull said he would like to have this rule continued until next month. He would prefer to have as many of the commissioners present as possible and he wants to think about the possible inter-action with other state agencies. He is impressed by the fact that most of the requests have been non-controversial. He thanked those who testified today. He said this will be placed on next month's agenda.

HOUSEKEEPING CHANGES

Amendatory Section WAC 230-04-075 - No license required for certain bingo, raffles, and amusement games.

Amendatory Section WAC 230-20-090 - Limits on compensation paid to members or employees.

Amendatory Section WAC 230-20-170 - Bingo operation date limitations

Amendatory Section WAC 230-20-190 - Bingo card prices

Amendatory Section WAC 230-20-220 - Operators shall not play

Amendatory Section WAC 230-25-070 - Fund raising events--Central accounting system required

Amendatory Section WAC 230-20-630 - Amusement games--Fees, rules, prizes and variations in objects to be posted--Fees to be paid in cash or scrip((¢))--Prizes not to differ from those posted

Amendatory Section WAC 230-25-055 - Use of chips, scrip((¢)) or similar items at fund raising event

Amendatory Section WAC 230-25-330 - Recreational gaming activity--Rules for play

Amendatory Section WAC 230-46-010 - Purpose

Ms. Sutherland said Item 6A - J are housekeeping changes to correct typographical errors.

These are up for further discussion only with final action in May.

TREASURER'S PETITION

Amendatory Section WAC 230-04-280 -- (~~Notification to law enforcement.~~) Licensees must notify law enforcement and local taxing authorities.

New Section WAC 230-04-405 -- Commission may seek reimbursement for costs incurred in pursuing license revocation for failure to pay gambling taxes.

Amendatory Section WAC 230-04-400 -- Denial, Suspension or Revocation of Licenses

Amendatory Section WAC 230-50-010 -- Adjudicated proceedings--Hearings

Ms. Sutherland said Item 7A - D was a petition filed by the Washington State Association of County Treasurers. There are four rules that address this issue; one rule requires licensees to notify taxing authorities and law enforcement authorities when they are licensed, another rule provides for the revocation of licenses for failure to pay taxes, the third rule provides for the brief adjudicative proceedings procedure to be used for the revocation of licenses in these instances, and the fourth rule relates to costs incurred by the Gambling Commission in reimbursement from either the licensee or from the local taxing authority. She said that the Commission's assistant attorney general, Jon McCoy, had researched the legality of the cost rule at the request of the Commission. **Mr. McCoy** said he prepared a memo which has been distributed to the Commission. He said essentially there is no independent authority for the Gambling Commission to require payment from the cities or counties but there is authority to enter into inter-local agreements with regard to reimbursement. In his research he found that other agencies simply delegate that responsibility to the taxing authority that is requesting the action. For those agencies that don't want to pursue this on their own, the Commission would enter into an inter-agency agreement and have them reimburse the Commission for those costs.

Commissioner Graham said that Item 7D would have to be changed. **Mr. McCoy** said that was correct. **Ms. Sutherland** said she and Mr. McCoy would create a rule that would implement his suggestions. The rule in the agenda was revised because of Commissioner Heavey's comments, however, it will not be adequate to meet this criteria. **Chairman Tull** said that changes had already been made on the application forms. **Ms. Sutherland** said that these concerns had been shared with the Taxing Authority Association and they are open to any suggestions and changes.

Commissioner Graham said the agency sends out information to the county and everyone else and now the licensee must notify the local authorities, too. He said he would like to see the efforts done once without a duplication of efforts by the Commission and the licensee. He thinks the licensee should be responsible for notifying local jurisdictions. **Director Miller** said the rule does not say that staff will notify anyone. He said it might be easier for us to notify the people; it seems to be one of the reasons the Treasurer's Association brought the petition to the Commission. **Chairman Tull** said he thought Commissioner Graham was saying one or the other but not both. **Mr. Bishop** explained that since 1973 the licensee has been required to notify jurisdictions. The procedures have been modified so that the Commission notifies them when we receive an application. A copy of the license get mailed out to the closest field office and the chief of police. **Commissioner Graham** asked when we notify jurisdictions that someone has applied for a license, does the Commission ever hear anything back. **Mr. Bishop**

said this was just implemented at the start of this process and no, the Commission has not heard from anyone. **Commissioner Graham** asked if the Treasurer's Association had asked for the licensees to come forward and notify them. At the same time, do they acknowledge they are getting a copy of the license? **Director Miller** said yes, the Treasurer's Association had asked for this notification in the petition and the local law enforcement agencies are the organizations who receive the license copy. He said another point about contacting these agencies in advance, the Commission is limited by statute in what it can limit. **Commissioner Graham** suggested asking the treasurer's which way they would like to have the notification process. **Ms. Sutherland** said that in her discussions with the Treasurer's Association, the focus was more on asking the Commission to make the notifications but the rule required the licensees to notify the law enforcement authorities already so the approach was taken to amend the rule.

LICENSING OF MANUFACTURERS/SALES PERMITS

Amendatory Section WAC 230-04-110 - Licensing of Manufacturers

New Section WAC 230-04-115 - Licensing of manufacturers--Exceptions--Special sales permit

Amendatory Section WAC 230-04-203 - Fee--Commercial stimulant and other business organizations

Ms. Sutherland said

PHASE II IMPLEMENTATION:

New Section WAC 230-48-010 Tribal-state compacts--Phase II commission review

Chairman Tull said

Ms. Sutherland said the

UNFINISHED BUSINESS

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Assistant